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ABSTRACT

As a consequence of declining enrollment and decreasing public school revenues, coupled with cost increases linked to state and federal mandated programs, collective bargaining obligations, rising energy costs, and a larger proportion of high cost (disadvantaged) students, administrators are faced with a compelling need for cutbacks in expenditures, but there is little hard empirical evidence to guide them in their decisions. The only guidance comes from a consensus of prescriptive advice: (1) plan retrenchment decisions in advance, rather than reacting to contingencies; (2) close schools before you cut instructional programs, striving to maximize savings while minimizing adverse impact on the community; and (3) use merit and equity criteria to reduce staff, while recognizing the inevitability of seniority-based criteria. The problem is that this good advice is difficult to follow on account of conflicts between political expediency, feasibility, and educational soundness of the various options. Therefore, a long-range systematic planning approach is suggested, involving new and improved management practices, diversification, and flexible personnel policies. A steady decline in available resources necessitates organizational change and reassessment of major goals.
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NATIONAL SCHOOL BOARDS ASSOCIATION
ANNUAL CONVENTION, SAN FRANCISCO, APRIL 23-26, 1983

"HOW TO DECIDE WHAT TO CUT"

MONDAY, APRIL 25, 9:00 A.M.

MOSCONE CENTER, ROOM E

DR. JOHN A. MINOR, JR.

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TO THE EDUCATIONAL RESOURCES
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TWO YEARS AGO, THE EDUCATION COMMISSION OF THE STATES REPORTED (ECS, 1981) THAT AN INFORMAL POLL ON PRIORITY ISSUES IN EDUCATION REVEALED FINANCE TO BE THE TOP CONCERN OF TWO THIRDS OF THE NATION'S SCHOOL SUPERINTENDENTS, LEGISLATORS AND STATE EDUCATION AGENCY ADMINISTRATORS. I AM CONFIDENT THAT IF THAT POLL WERE CONDUCTED TODAY, THE PROPORTION OF RESPONDENTS NAMING FINANCE AS THE TOP PRIORITY WOULD BE EVEN HIGHER. I DO NOT BELIEVE IT WILL BE A SURPRISE TO ANY OF YOU THAT FINANCE IS A TOP PRIORITY NOT BECAUSE OF CONCERNS ABOUT HOW TO USE PLENTIFUL FINANCIAL RESOURCES BUT BECAUSE OF THE NECESSITY TO MAKE HARD DECISIONS ABOUT HOW TO SPREAD INADEQUATE DOLLARS ACROSS A BROAD SPECTRUM OF NEEDS. THE TOPIC OF THIS SESSION REFLECTS THE IMPORTANCE OF DECREASING FINANCIAL RESOURCES AND THE RESULTANT MANAGEMENT PROBLEMS FOR SCHOOL DISTRICTS THROUGHOUT THE COUNTRY, PARTICULARLY URBAN DISTRICTS. THE RECENT REDUCTIONS IN FEDERAL FUNDING FOR EDUCATION,

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COUPLED WITH DECREASES IN STATE REVENUE AVAILABLE FOR AND/OR ALLOCATED TO PUBLIC SCHOOL PROGRAMS, HAVE EXACERBATED THE PROBLEMS CAUSED BY DECLINING ENROLLMENTS IN URBAN PUBLIC SCHOOL DISTRICTS OVER THE LAST DECADE. MANAGING CUTBACKS HAS BECOME A NEVER-ENDING MAJOR ISSUE FOR MANY SCHOOL ADMINISTRATORS AND BOARDS.

THE PICTURE FOR URBAN DISTRICTS IS DISCOURAGING. "FEWER STUDENTS ARE ENROLLING, YET SCHOOL COSTS ARE INCREASING BECAUSE OF A NUMBER OF OTHER FACTORS SUCH AS REQUIREMENTS TO IMPLEMENT STATE- AND FEDERAL-MANDATED PROGRAMS, OBLIGATIONS INCURRED BY COLLECTIVE BARGAINING, RISING ENERGY COSTS AND INFLATION." (ABRAMOWITZ & ROSENFELD, 1978). IN ADDITION, URBAN DISTRICTS HAVE INCREASINGLY LARGE PROPORTIONS OF HIGH-COST STUDENTS, THOSE WHO ARE MORE DIFFICULT AND MORE EXPENSIVE TO EDUCATE BECAUSE THEY ARE ECONOMICALLY AND EDUCATIONALLY DISADVANTAGED. FURTHERMORE, DECLINING ENROLLMENTS RESULT IN A SMALLER CONSTITUENCY AND LESS PUBLIC SUPPORT FOR THE SCHOOLS, MAKING IT VIRTUALLY IMPOSSIBLE TO PASS LEVY INCREASES AND BOND ISSUES.

IN REVIEWING A SMALL SAMPLING OF THE LITERATURE PUBLISHED ON THIS SUBJECT DURING THE LAST DECADE, I NOTED THAT MUCH DATA HAS BEEN COMPILED AND ANALYZED WHICH ENABLES US TO DESCRIBE THE IMPACT OF DECLINE IN ENROLLMENT AND/OR REVENUE.

LIKE ME, I AM SURE YOU WILL NOT BE SHOCKED TO LEARN THAT THE MANY STUDIES CONCLUDED THAT THE MAJOR CONSEQUENCE OF DECLINING ENROLLMENT AND/OR DECREASING REVENUES (THE TWO USUALLY GO HAND IN HAND SINCE STATE AID ALMOST INVARIABLY DECREASES WHEN ENROLLMENT OR AVERAGE DAILY ATTENDANCE DECLINES) IS THE NEED TO CUT BACK IN EXPENDITURES. UNFORTUNATELY, THERE IS RELATIVELY LITTLE GENERALIZABLE INFORMATION ABOUT THE PROGRAMMATIC IMPACTS OF DECLINE, ABOUT THE PROCESSES OF RESPONDING TO DECLINE, OR ABOUT THE IMPACT OF THOSE RESPONSES (ZERCHYKOV, 1981).

AN NIE-FUNDED STUDY CONDUCTED BY THE INSTITUTE FOR RESPONSIVE EDUCATION RESULTED IN THE PUBLICATION IN MARCH, 1982 OF A REVIEW OF THE LITERATURE AND AN ANNOTATED BIBLIOGRAPHY ON MANAGING DECLINE IN SCHOOL SYSTEMS. THIS STUDY CONCLUDED THAT ONLY A SMALL PROPORTION OF THE VOLUMINOUS LITERATURE ON THE TOPIC PROVIDES EVIDENCE, I.E., GENERALIZABLE RESEARCH DATA WHICH CAN BE USED AS SOUND BASES TO HELP IN REACHING RETRENCHMENT DECISIONS. THE ADMINISTRATOR OR BOARD LOOKING FOR HELP IN HOW TO MAKE DECISIONS ON RETRENCHMENT WILL FIND A PREPONDERANCE OF "ADVICE" BASED ON PERSONAL EXPERIENCE RATHER THAN GENERALIZABLE EMPIRICAL RESEARCH EVIDENCE.

THE CONSENSUS OF THE "ADVICE" LITERATURE INCLUDES SEVERAL PRESCRIPTIONS TO BE FOLLOWED IN MAKING RETRENCHMENT OR CUTBACK DECISION.

- + THE BIGGEST DANGER IS IN PRECIPITOUS OR IMPULSIVE DECISIONMAKING. RETRENCHMENT DECISIONS SHOULD BE "PROACTIVE" (BASED ON RATIONAL PLANNING) RATHER THAN REACTIVE (RESPONSIVE TO IMMEDIATE POLITICAL PRESSURES).
- + MAKE CUTBACKS SO AS TO PRESERVE THE INTEGRITY AND QUALITY OF INSTRUCTIONAL PROGRAMS. REALIZE COST SAVINGS IN THE REDUCTION OF EXCESS CAPACITY, I.E., CLOSE SCHOOLS BEFORE YOU CUT PROGRAMS.
- + IN CLOSING SCHOOLS, DO NOT SIMPLY CLOSE THOSE WHICH HAVE LOST THE MOST PUPILS. INSTEAD, CLOSE THOSE WHOSE CLOSURE WILL MAXIMIZE COST SAVINGS AND MINIMIZE THE ADVERSE IMPACT ON COMMUNITIES AND ON THE EDUCATIONAL PROGRAM. INTEGRATE SCHOOL CLOSING DECISIONS WITH A DISTRICT-WIDE MASTER PLAN.
- + RECOGNIZE THAT CLOSING A SCHOOL IS A POLITICAL AS WELL AS A TECHNICAL PROCESS. BUILD COMMUNITY CONSENSUS ON THE NEED TO CLOSE SCHOOLS.
- + IN REDUCING STAFF, TRY TO USE MERIT AND EQUITY CRITERIA, BUT RECOGNIZE THE INEVITABILITY OF RELYING ON SOME SORT OF SENIORITY-BASED CRITERIA.

- + RECOGNIZE THAT ANY SENIORITY BASED RIF WILL RESULT IN AN OLDER TEACHING FORCE WHICH TENDS TO BE MORE "BURNED OUT," LESS INNOVATIVE AND LESS UP-TO-DATE ON IMPROVED INSTRUCTIONAL STRATEGIES, AND BE PREPARED TO PROVIDE A MORE EXTENSIVE AND MORE EFFECTIVE STAFF DEVELOPMENT PROGRAM.
- + RECOGNIZE THAT MANAGING RETRENCHMENT REQUIRES NEW LEADERSHIP SKILLS AND STYLES.

THE TROUBLE WITH ALL THIS GOOD ADVICE IS THAT NO ONE KNOWS IF IT ACTUALLY WORKS BECAUSE, AS REVIEWING THE LITERATURE ON CASE STUDIES OF SPECIFIC SITUATIONS AND ON SURVEYS OF PRACTICES ACTUALLY FOLLOWED REVEALS, THERE ARE VAST DISCREPANCIES BETWEEN PRESCRIBED PRACTICES AND ACTUAL PRACTICES. FOR EXAMPLE:

- + WHILE THE ADVICE URGES THAT MANAGERS USE MANY CRITERIA IN SCHOOL CLOSING DECISIONS, THE EVIDENCE SHOWS THAT IN MOST CASES ONE OR TWO CRITERIA ARE DECISIVE, MOST FREQUENTLY AGE, SIZE AND/OR LOCATION OF SCHOOL BUILDINGS.
- + WHILE IT IS ASSUMED THAT WIDESPREAD COMMUNITY INVOLVEMENT IN SCHOOL CLOSING DECISIONS VIA TASK FORCES IS ESSENTIAL BECAUSE IT CAN LEAD TO A TRANSCENDENCE OF SPECIAL INTERESTS AND TO A

DISTRICTWIDE PERSPECTIVE ON THE NECESSITY FOR CUTBACKS, MANY STUDIES SUGGEST THAT SUCH INVOLVEMENT OFTEN LEADS INSTEAD TO EVEN GREATER EMPHASIS ON SPECIAL INTEREST PERSPECTIVES.

- + WHILE THE ADVICE IS TO CLOSE SCHOOLS RATHER THAN CUTTING STAFF OR PROGRAMS ACROSS THE BOARD, CASE DATA INDICATES THAT POLITICAL PRESSURES FREQUENTLY RESULT IN ACROSS-THE-BOARD CUTS.

IN OTHER WORDS, THE USUAL ADVICE MAY BE, AND PROBABLY IS, VERY GOOD; BUT IT IS VERY DIFFICULT TO FOLLOW. WHAT IS COMMON TO VIRTUALLY ALL OF THE LITERATURE IS THE UNDERSTANDING THAT DECISION MAKERS MUST COPE CONSTANTLY WITH THE CONFLICT AMONG POLITICAL EXPEDIENCY, FEASIBILITY, AND EDUCATIONAL SOUNDNESS OF VARIOUS OPTIONS IN MANAGING FISCAL RETRENCHMENT.

THE LIMITED OPTIONS AVAILABLE ARE SUMMED UP VERY WELL BY WILLIAM KEOUGH (1978):

DISTRICTS CAUGHT IN A FINANCIAL CRUNCH HAVE ONLY A FEW POSSIBLE ALTERNATIVES: REDUCE STAFF AND CUT PROGRAMS, CONSOLIDATE FACILITIES, RAISE LOCAL TAXES, OR OPERATE UNDER DEFICIT BUDGETS. WHEN DEFICIT

BUDGETING IS ILLEGAL UNDER STATE LAW, OR TAX INCREASES ARE JUST NOT POSSIBLE, THE ALTERNATIVES ARE REDUCED TO MAKING TRADE-OFFS BETWEEN PROGRAM AND FACILITIES.

THE RESEARCH CONFIRMS THAT THE MOST COMMON ACTIONS TAKEN AS A RESULT OF REDUCED ENROLLMENTS AND/OR REVENUES HAVE INDEED BEEN (1) CLOSING SCHOOLS, (2) REDUCING STAFF AND (3) REDUCING OR ELIMINATING SPECIFIC COURSE OFFERINGS OR PROGRAMS. OTHER SPECIFIC COST-CUTTING STRATEGIES, USUALLY IMPLEMENTED CONCURRENTLY WITH RATHER THAN INSTEAD OF THESE MAJOR ACTIONS, HAVE INCLUDED INCREASED RELIANCE ON CONTRACTED SERVICES IN SUCH AREAS AS PUPIL TRANSPORTATION, SECURITY AND SOMETIMES FOOD SERVICE OPERATIONS. SUCH A STRATEGY HELPS BY REDUCING SALARIES AND FRINGE BENEFITS COST; HOWEVER, IT OBVIOUSLY IS NOT FEASIBLE IN THE AREA OF GREATEST COST IN SCHOOL DISTRICT BUDGETS, SALARIES AND BENEFITS FOR PROFESSIONAL STAFF.

IS THERE ANY GLIMMER OF HOPE, EVEN A SLIVER OF SILVER LINING IN ALL THESE CLOUDS OF GLOOM? THERE ARE, IN FACT, A FEW WRITERS ON THIS SUBJECT WHO PROVIDE MORE OPTIMISTIC VIEWPOINTS, WHO SEE OPPORTUNITIES IN MANAGING DECLINE AND RETRENCHMENT (CULBERTSON, 1977; BELLON, 1977; SCOTT, 1977). THEY ARGUE THAT "ADVERSITY ESTABLISHES A CLIMATE WHICH ENCOURAGES CHANGE . . . AND CAN ABET AND SUPPORT LEADERSHIP. . . . LEADERS . . . CAN USE ADVERSITY TO HELP CLARIFY

NEW PURPOSES AND PRIORITIZE ISSUES, . . . TO EXAMINE OPERATIONS AND TO MAKE THEM MORE EFFICIENT." (CULBERTSON)

UNFORTUNATELY, THERE ARE COGENT ARGUMENTS TO COUNTER THESE OPTIMISTIC VIEWS. FOR ONE THING, THERE ARE FORCES OUTSIDE THE CONTROL OF A SCHOOL DISTRICT WHICH LIMIT THE EXERCISE OF PROACTIVE RATHER THAN REACTIVE LEADERSHIP (MUELLER, 1977). FOR EXAMPLE, EXTERNAL CONSTRAINTS SUCH AS TEACHER CERTIFICATION REQUIREMENTS AND TEACHER TENURE LAWS LIMIT THE POSSIBILITIES FOR CREATIVE REALLOCATION OF HUMAN RESOURCES. ANOTHER EXAMPLE IS THAT "PARTICIPATORY STYLES OF DECISIONMAKING AND ORDINARY HUMAN CONSIDERATIONS OF COLLEGIALLY PREVENT DECISIONMAKERS FROM MAKING THE KIND OF "HARD" CHOICES FORESEEN BY THOSE WHO SEE ADVERSITY AS AN OPPORTUNITY TO MAKE SCHOOLS MORE EFFICIENT." (STEFONEK, 1979)

WHAT CONCLUSIONS, THEN, ARE WE TO DRAW FROM ALL THIS INFORMATION? WHAT CAN WE DO AS ADMINISTRATORS AND BOARD MEMBERS TO MANAGE MORE EFFECTIVELY AND, AT THE SAME TIME, TO EDUCATE MORE EFFECTIVELY DURING A TIME OF FISCAL RETRENCHMENT? THERE IS A GENERAL CONSENSUS THAT THE STRATEGIES NEEDED FOR CUT-BACK MANAGEMENT ARE: (1) NEW AND IMPROVED MANAGEMENT PRACTICES, (2) DIVERSIFICATION, AND (3) MORE FLEXIBLE PERSONNEL POLICIES. (ABRAMOWITZ AND ROSENFELD, 1978)

AMONG THE IMPROVED MANAGEMENT PRACTICES, PROBABLY THE MOST IMPORTANT IS CHANGING FROM SHORT-TERM SOLUTIONS TO LONG-TERM,

SYSTEMATIC STRATEGIC PLANNING. OTHER IMPROVED PRACTICES ARE MORE EFFECTIVE STAFF DEVELOPMENT PROGRAMS, EFFICIENT USE OF SPECIALISTS, DEVELOPMENT OF BUDGETARY SYSTEMS THAT ENABLE MANAGERS TO ASSESS THE TRADE-OFFS INVOLVED IN THEIR DECISIONS, AND APPROPRIATE UTILIZATION OF TECHNOLOGY. ANOTHER WAY TO IMPROVE SCHOOL DISTRICT MANAGEMENT IS BY BETTER COORDINATION WITH MUNICIPAL PLANNING AND DECISIONMAKING AND BY IMPROVING COORDINATION WITH OTHER YOUTH-SERVING ORGANIZATIONS IN THE COMMUNITY.

POSSIBLE STRATEGIES UNDER THE HEADING OF DIVERSIFICATION MIGHT INCLUDE INCREASING PROGRAM OPTIONS FOR CURRENT STUDENTS, EXPANDING TO SERVE NEW CLIENTELE, AND USING EXISTING BUILDINGS TO HOUSE OTHER COMMUNITY SERVICES. MORE FLEXIBILITY AND IMAGINATION ARE NEEDED.

MORE FLEXIBLE PERSONNEL POLICIES AND PRACTICES, MANY OF WHICH ARE BEING EXAMINED AND EVEN IMPLEMENTED TO SOME EXTENT IN VARIOUS PARTS OF THE COUNTRY, INCLUDE: OFFERING EARLY RETIREMENT INCENTIVES, ALLOWING LENGTHY SABBATICALS, INSTITUTING JOB-SHARING OPPORTUNITIES, AND DEVELOPING AND IMPLEMENTING MORE EFFECTIVE INSERVICE TRAINING PROGRAMS AND NEW INCENTIVES TO ENCOURAGE PARTICIPATION IN THEM.

AMONG THE MATERIALS I REVIEWED IN PREPARATION FOR THIS

DISCUSSION WAS A VERY INTERESTING PAPER TITLED "BEYOND CUTBACK MANAGEMENT: ALTERNATIVE RESPONSES TO RESOURCE SCARCITY."

THIS PAPER WAS NOT ABOUT SCHOOL DISTRICTS OR EVEN ABOUT THE FIELD OF EDUCATION AT ALL. IT WAS PREPARED FOR DELIVERY AT THE 1981 ANNUAL MEETING OF THE URBAN AFFAIRS ASSOCIATION BY CHARLES D. COMBS, AN EXPERT IN URBAN STUDIES AND PUBLIC ADMINISTRATION, AND ADDRESSED THE PROBLEMS OF MANAGING CUTBACKS FROM THE PERSPECTIVE OF CITY GOVERNMENT DECISIONMAKERS. HOWEVER, I FOUND THE POINTS HE MADE TO BE EQUALLY APPLICABLE TO THE SITUATION FACED BY PUBLIC EDUCATION SYSTEM DECISIONMAKERS.

HE CONCLUDED, AS WE HAVE DONE IN EXAMINING SCHOOL DISTRICT RESPONSES TO DECLINING PUPILS AND DOLLARS, THAT "MERELY REDUCING BUDGETS AND INCREASING EFFICIENCY WILL NOT ADEQUATELY RESOLVE THE PROBLEM," IF YOU CAN ACCOMPLISH THIS AT ALL. "WHAT IS NEEDED IS A SYSTEMATIC PROCESS DESIGNED TO IDENTIFY APPROPRIATE PROGRAMS . . . AND TO BUILD BUREAUCRATIC AND PUBLIC SUPPORT." IN OTHER WORDS, AS I HAVE SAID PREVIOUSLY, WE NEED TO SHIFT OUR MANAGEMENT PRACTICES TO A LONG-RANGE, SYSTEMATIC STRATEGIC PLAN APPROACH. "WE NEED TO MOVE BEYOND CUTBACK MANAGEMENT AS CURRENTLY CONCEIVED AND CONSIDER IT AS A FORM OF ORGANIZATIONAL CHANGE."

IT IS ESSENTIAL TO RETHINK, TO DETERMINE AND TO STATE CLEARLY THE ORGANIZATION'S MISSION AND MAJOR GOALS. THE KANSAS CITY SCHOOL DISTRICT HAS ACCOMPLISHED THIS MAJOR STEP BY DEVELOPING, ADOPTING AND DISSEMINATING A STRATEGIC PLAN FOR SCHOOL IMPROVEMENT, WHICH SERVES TO ESTABLISH PRIORITIES AND THUS TO PROVIDE GUIDELINES FOR BUDGETARY ALLOCATIONS. WE ARE NOW EMBARKING ON THE NEXT STEP, AN EXTENSIVE ORGANIZATIONAL DEVELOPMENT PLAN WHICH WILL EXAMINE AND REALIGN ORGANIZATIONAL ROLES AND FUNCTIONS TO FACILITATE THE MORE EFFECTIVE IMPLEMENTATION OF THE PLAN STRATEGIES AND, THUS, CONTRIBUTE TO THE ACCOMPLISHMENT OF THE DISTRICTWIDE GOALS. WE CERTAINLY HAVE NOT FOUND OR CREATED ANY PANACEA FOR SOLVING THE PROBLEMS CREATED BY DECLINING RESOURCES, BUT I TRULY BELIEVE THAT WE HAVE EMBARKED ON AN EFFECTIVE STRATEGY FOR COPING WITH THOSE PROBLEMS IN WAYS WHICH ARE NOT DESTRUCTIVE TO INSTRUCTIONAL PROGRAMS AND STUDENT ACHIEVEMENT.